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Message Text

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ACTION AGRE-00

INFO OCT-01 EUR-12 EA-07 ISO-00 CIAE-00 COME-00 EB-08
INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 FRB-03
OMB-01 PM-04 NSC-05 SS-15 /073 W
----------181229Z 104559 /21
R 180726Z MAR 77
FM AMCONGEN HONG KONG
TO SECSTATE WASHDC 4139
INFO USLO PEKING
AMEMBASSY BERN
AMEMBASSY JAKARTA
AMEMBASSY TOKYO
AMEMBASSY CANBERRA
AMEMBASSY OTTAWA

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FOR AGRICULTURE FAS FCA MEEKER

JAKARTA BERN TOKYO AND OTTAWA FOR AGATTACHES
CANBERRA FOR AGATTACHE

FROM AGRICULTURAL OFFICER
E.O. 11652: N/A
TAGS: EAGR CH ETRD EPAP SZ ID JA CA AS
SUBJ: PRC AGRICULTURAL COMMODITY PURCHASING CONTINUES

REF: (A) HK 2453; (B) BERN 1112; (C) STATE 058914;
(D) PEKING 0468; (E) CANBERRA 0345

BEGIN SUMMARY: WITHIN PAST FEW MONTHS, CHINA HAS PURCHASED WHEAT, SUGAR, SOYBEAN AND PALM OIL AND COTTON WITH A TOTAL VALUE UNDOUBTEDLY IN EXCESS OF US$700 MILLION. CHINA CONTINUES TO PURCHASE SUGAR, VEGETABLE OILS AND COTTON AND CURRENT RUMORS INDICATE POSSIBLE ADDITIONAL WHEAT PURCHASING.
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CHINA'S KNOWN AGRICULTURAL EXPEORTS (EXCEPT TO HONG KONG) APPEAR TO PROVIDE LITTLE HELP TO PAY FOR SUCH LARGE IMPORTS. END SUMMARY.

1. CHINA'S PURCHASING OF AGRICULTURAL COMMODITIES HAS CONTINUED AT A SIGNIFICANT LEVEL DURING RECENT MONTHS. KNOWN PURCHASES ARE SUMMARIZED AS FOLLOWS: WHEAT --

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BETWEEN NOVEMBER 11, 1976 AND JANUARY 31, 1977, CHINA PURCHASED TOTAL OF 5.1 MILLION METRIC TONS OF WHEAT -- 2.5 MILLION METRIC TONS FROM AUSTRALIA, 2.3 MMT FROM CANADA AND 300,000 MT FROM ARGENTIAN -- ALL FOR DELIVERY FEB. 1977 THRUOUGH JAN. 1978. ESTIMATED TOTAL VALUE IS APPROX US$500 MILLION.

2. YESTERDAY (MAR 17) AGOFFICER INFORMED BY TRADE SOURCE THAT CANADA HAD JUST SOLD AN ADDITIONAL 5000,000 MT OF WHEAT TO CHINA. NO OTHER TRADE SOURCE CONFIRMS THIS BUT CANADIAN WHEAT BOARD REPORTEDLY DOES NOT DENY RUMOR. A SOURCE INSISTS THAT DREYFUS DID SELL 200-400,000 MT OF ARGENTINE WHEAT AS PREVIOUSLY REPORTED IN REF A. IF BOTH REPORTS PROVE TRUE, CHINA'S TATAL WHEAT PURCHASES WILL HAVE REACHED 5.8-6.0 MILLION METRIC TONS.

3. SOYBEAN OIL -- TO DATE, CHINA'S KNOWN PURCHASES OF SOYBEAN OIL TOTAL 70,0OO MT, WITH DELIVERY NOVEMBER 1976 THROUGH MAY 1977 AT RATE OF 10,000 MT PER MONTH. TRADERS WHO MADE THE SALES ARE AS FOLLOWS: COOK (NOV. SHIPMENT); TRADAX (DEC. AND FEB). ?7NGE (JAN. AND APRIL). CONTINENTAL (MARCH); AND DREYFUS (MAY). (PRC ALSO HAS PURCHASED 10,000 MT OF CRUDE PALM OIL FROM "FELDA"). ALL SOYBEAN OIL PURCHASED WAS NON-US-ORIGIN. TRADE SOURCES EXPECT CHINA TO CONTINUE PURCHASING 10.000 MT PER MONTH THROUGH OCT./NOV. 1977 (HARVEST TIME). POSSIBLE (AND PROBABLE) SOYBEAN OIL IMPORTS THUS MAY WELL REACH 100,000 MT (EQUIVALENT TO APPROX. 550,000 MT OF SOYBEANS).

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4. SUGAR -- TRADE SOURCE INFORMS AGOFFICER THAT CHINA HAS ALREADY PURCHASED 800-900,000 MT OF SUGAR, MOST OF WHICH TO BE DELIVERED THIS YEAR. MAJOR SUPPLIERS BELIEVED TO BE THAILAND AND PHILIPPINES UNDER LONG-TERM AGREEMENTS, (AND ALSO UNDOUBTEDLY AUSTRALIA; SEE REF E), BUT CHINESE TRADE OFFICIALS ARE ACTIVELY (ALMOST DAILY) SEEKING ADDITIONAL SUGAR THROUGH THEIR INTERNATIONAL TRADE CONTACTS. PURCHASES MADE THUS FAR COULD REPRESENT SOME US$175-200 MILLION IN VALUE AND IF THE CHINESE ARE SUCCESSFUL IN OBTAINING THE ADDITIONAL QUANTITIES THEY WASNT (NO ESTIMATES AVAILABLE), THAT FIGURE COULD INCREASE CONSIDERABLY.

5. COTTON -- HONG KONG AND OTHER TRADE SOURCES CONTACTED KNOW OF NO CHINESE PURCHASE OF U.S. COTTON. ONE SOURCE DID REVEAL, HOWEVER, THAT CHINA HAS JUST RECENTLY PURCHASED "A LARGE AMOUNT" OF COTTON FROM NICARAGUA. THAT SOURCE BELIEVES THAT CHINA'S PROSCRIPTION RE. U.S. AGRICULTURAL PRODUCT IMPORTS WILL CONTINUE TO APPLY TO COTTON, AS WELL AS TO SOYBEANS OILS AND GRAINS, AS LONG AS IT IS POSSIBLE FOR

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CHINA TO MEET REQUIREMENTS FROM NON-U.S. SUPPLIERS. (TRADER BELIEVES INCIDENTALLY, THAT CHINESE WOULD NOT OBJECT TO PURCHASE OF "EUROPEAN-ORIGIN" SOYBEAN OIL, FOR EXAMPLE EVEN THOUGH THE OIL CRUSHED IN EUROPE CAME FROM U.S. ORIGIN BEANS.

6. RICE -- IN COURSE OF INQUIRIES, AGOFFICER WAS INFORMED THAT CHINA HAS JUST SOLD 100,000 MT OF RICE TO INDONESIA FOR FEB.MAY DELIVERY. PURCHASING CHANNELS NOT REVEALED. NO PRICE DATA AVAILABLE. (BELIEVE THIS IS ADDITIONAL TO SIMILAR QUANTITY SOLD A FEW MONTHS AGO.)

7. COMMENT: ALTHOUGH PRC AGRICULTURAL EXPORTS TO HONG KONG CONTINUE STRONG, OCCASINAL SALE OF RICE OR OTHER AGRICULTURAL COMMODITY WILL NOT GREATLY ENHANCE CHINA'S ABILITY TO PAY FOR HEAVY AGRICULTURAL PURCHASES MADE OVER PAST FEW MONTHS EVEN THOUGH DEFERRED PAYMENTS (AS WITH GRAIN) WILL ALLEVIATE FOREIGN EXCHANGE IMPACT.
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8. NOTE: SOME OF ABOVE INFORMATION GIVEN CONGEN AGOFFICE IN CONFIDENCE BY TRADE CONTACTS IN COMMERCIALLY SENSITIVE.
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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 18-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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